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WESTERN DISTRICT OF TEXAS
BY  **DEPUTY**

January 5, 2015

Judge Mark Lane
501 West 5th Street
Suite 7400
Austin, TX 78701

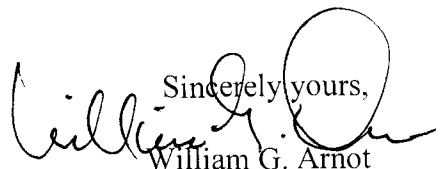
Re: Vendetta Royalty Receivership 13-01036-ML

Your Honor,

On December the 12th, I attempted to mediate a settlement in the above matter. Although we quickly reached an impasse on the entire dispute, we did make significant progress on a threshold issue. I was under the impression that the parties had reached an agreement on a threshold issue and left the parties to complete the paper work memorializing their agreement. Because of flight schedules, I did not remain.

Subsequently, I have learned that my impression was wrong. The parties have not reached an agreement even as to that particular threshold issue.

The parties actively participated and mediated for the better part of a day. However, I do not believe that further mediation would be productive.

Sincerely yours,

William G. Arnot